



# **Semi-Annual Report to the Board of Land Commissioners**

From the Endowment Fund  
Investment Board

May 8, 2007

# **Mission**

## **Endowment Fund Investment Board**

**Provide professional investment management services to our stakeholders consistent with our constitutional and statutory mandates.**

# **Endowment Fund Investment Board**

## **Endowment responsibilities**

- Determine investment policy
  - Asset mix
  - Allowed and prohibited investments
- Recommend allocation of Earnings Reserve (i.e. Spending Policy) to the Land Board
- Select and monitor investment mgrs.
- Select and direct staff

# Investment Board Goals for Endowment Funds:

*We will provide good investment advice and the tools for implementing that advice*

- Develop a prudent long-term investment strategy
- Select the best portfolio managers and other agents to execute that strategy
- Diligently evaluate performance over time
- Develop an effective spending policy
- Help the Land Board fulfill its fiduciary responsibilities and communicate with its stakeholders

# Who is the Endowment Fund Investment Board?

- Nine members, appointed by the Governor, confirmed by the Senate
  - One Senator, one representative
  - One professional educator
  - Six members of the public familiar with financial matters
- Meets at least quarterly
- Full-time staff of four

# Endowment Fund Investment Board members

**M. Dean  
Buffington**

**Partner,  
investment  
firm**



**Gavin Gee**

**Director, Dept.  
of Finance**



**Max Black**

**Retired  
Insurance  
agent,  
legislator**



**Vaughn  
Heinrich**

**Retired Supt.  
Of Vallivue  
School District**

# **Endowment Fund Investment Board members (page 2)**

**Tom Kealey**

**Businessman,  
investor,  
former MK CFO**



**Brad Little**

**Cattleman,  
investor,  
legislator**



**Sue Simmons**

**Administrator,  
Transportation  
Department**



**Richelle  
Sugiyama**

**Investment  
Officer, PERSI**

# **Endowment Fund Investment Board members (page 3)**

**John Taylor**

**Insurance  
company  
executive**





# Investment Board Staff

- Larry Johnson
  - Manager of Investments
- Chris Halvorson
  - Investment Officer
- Andy Potter
  - Fiscal Officer
- Judy Shock
  - Administration

# **Financial Summary**

## **Nine Months Fiscal Year-to-Date 2007**

Compared to the previous year:

- Total fund balances increased \$108 million, or 12.5%, to a record high of \$1,085 million
- Earnings reserve balances increased \$44 million, or 57%, to a record high of \$143 million
- Receipts from endowment lands for the first nine months rose to \$62 million, a 28% increase over the same period of F2006

Total investment return, net of fees, was 10.9% for the first nine months and 10.3% annualized for the last three years

The Public School Permanent Fund remains above its loss benchmark

*FY2007 financial statements of the endowment funds will be distributed to the Land Board in October, and the results of the independent audit presented at the November meeting.*

# YTD Lands Revenues As % Of Annual Forecast

## Nine Months Ended March, 2007

